

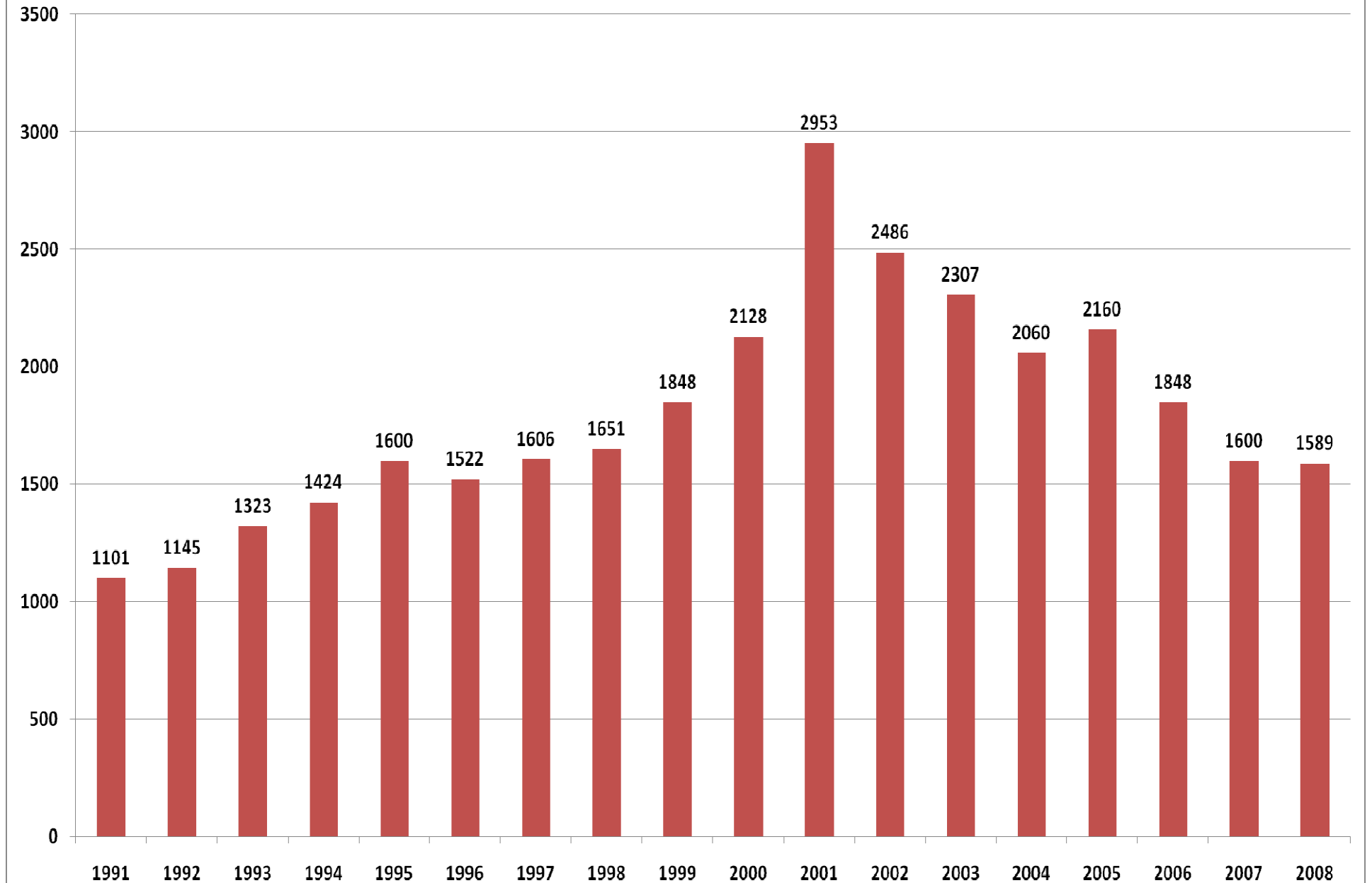
PCF Administrative Expenses & Number of Employees Per Fiscal Year

2009/10	\$3,981,919	44
2007/08	\$3,342,400	44
2005/06	\$3,304,508	37
2003/04	\$2,010,588	36
2000/01	\$1,476,257	27
1995/96	\$1,137,772	24
1992/93	\$ 988,671	20

Medical Review Panels

The next slide represents the number of requests for medical review panels received by the PCF during each calendar year shown. As you will note, the numbers steadily increased from 1977 through 2000, then in 2001 there was a spike. This was the result of 750 requests being filed concerning the drug Resulin where adverse results were alleged. All of these panels were dismissed without payments by the PCF. A filing fee was imposed in August 2003 which appears to have resulted in a decrease in panels filed. Following Hurricane Katrina there has been a further decline in panel requests filed. There were 197 requests filed at the end of 2005 and into 2006 as a result of Hurricane Katrina.

Number of Panels Filed Per Year



Claims

The PCF currently has a claims staff of 14 adjusters, 2 supervisors and a claims manager. These employees are responsible for the monitoring of the claims while they are handled by the primary insurance company's attorney and working with all parties when a settlement is being proposed. Five of the adjusters are responsible for processing the payments for those plaintiffs found to be in need of ongoing medical care.

The PCF is not involved in the initial litigation, but only becomes involved if there is a settlement in which additional monies are demanded from the PCF or when a judgment exceeds the primary layer of \$100,000. Thus, until such time as the PCF is put on notice that a claim has potential exposure to impact the PCF layer the claim is simply monitored. Following notice of the potential for a claim to impact the PCF, a senior adjuster is assigned and information requested. Defense attorneys are only assigned when an adjuster is unable to reach a settlement with the plaintiff or when litigation or discovery through the court is necessary. Thus, only a small portion of the claims have attorneys assigned by the PCF. Cooperation between the plaintiff attorneys, defense attorneys, insurers and the PCF staff reduces the costs to the PCF and often reduces the time necessary to complete the process and compensate the injured parties. We have stressed to all those involved the importance of keeping us informed and in providing information to the PCF so that we can properly assess the claims and be able to participate in settlement discussions.

OPEN CLAIMS

- As the claims filed started rising, the PCF took a more aggressive approach to obtaining information from the primary insurers, providers and their attorneys so that inactive claims could be closed in the PCF system. Staff was added so that more time could be spent on more files. These efforts are apparent as there was a dramatic reduction in the number of pending claims. The total pending claims reached a peak in January 2003 with 12,152 open claims. By January 2006, the pending claims totaled 7,816. Through a continued push for information and a higher level of cooperation from the health care providers, insurers and defense attorneys, there are currently on 5,727 open claims. Of these, only 5 were filed prior to 1990 and 173 filed between 1990 and 1999. The majority of these are still being handled at the primary level, but are reviewed regularly by our staff for possible closure. There are 731 claims pending that were filed from 2000 through 2004. There are about 4300 open claims that were filed after 2005. It generally takes about 2 years for a claim to complete the medical review panel process and an additional 2 to 3 years for a final conclusion of the claim. Again, the PCF is not involved in the claim until there is a settlement with rights reserved against the PCF or a judgment in excess of the primary level. However, due to the increased communication between the PCF and other parties, the PCF has been able to resolve more claims in less time.

Claim Payments

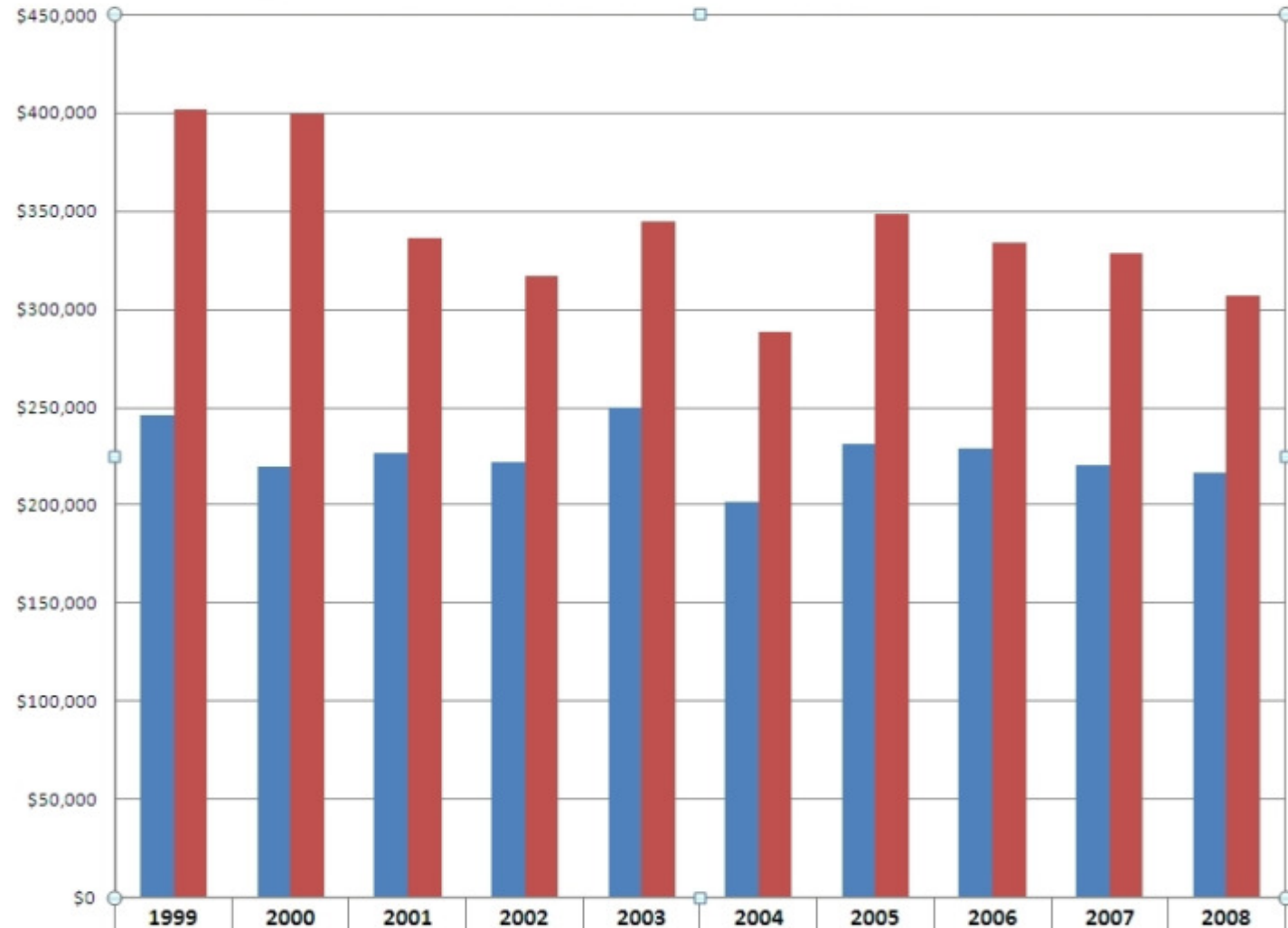
The total paid to claimants over the years have steadily increased. The following charts show the payments made for the calendar years shown. Most slides show data for a 10 year period. The chart showing average payments reflects payments without medical expenses and then with medical expenses. This shows the impact of the change in the MMA in 1984 which added unlimited medical expenses, removing them from the cap of \$500,000. Since the underlying insurer or self-insured provider handles the initial litigation as the PCF is not considered a party until settlement or judgment, delays by them in resolving claims often results in the PCF paying a substantial amount in interest. The PCF adjusters are able to handle the majority of the claims to a conclusion without retaining defense attorneys, saving money for the providers and speeding up the reimbursement to the claimants. Also, less spent on legal costs, means more funds are available to reimburse injured parties. However, to achieve these savings, the PCF depends on the cooperation of the underlying insurer and their attorneys and the plaintiff attorneys. We have encouraged mediations and joint settlements as a means of resolving claims and reducing costs to all parties.

Settlements and Judgments Over the Years

Year	Claims Settled	Claim Payments (Minus Legal)
1998	183	66,461,438
1999	164	81,000,453
2000	162	63,697,356
2001	176	64,581,499
2002	209	71,222,084
2003	201	76,686,165
2004	202	66,297,524
2005	199	71,989,900
2006	295	107,023,124
2007	317	103,363,305
2008	325	105,438,808

Average Direct Settlement and Judgment Costs VS Average Lifetime Payments*

*Lifetime payments include interest and paid to date future medicals - as of 9/09



Average Pure Settlement Costs	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	\$246,020	\$220,321	\$226,707	\$222,178	\$249,825	\$201,804	\$231,222	\$229,508	\$220,845	\$216,996
Average Lifetime Payments	\$401,858	\$399,287	\$336,132	\$317,057	\$344,892	\$288,530	\$348,520	\$333,889	\$328,709	\$306,973

Interest and Legal Payments by Year

Interest Payments by Year

Total Interest

2000	\$	6,514,181.06
2001	\$	5,930,218.72
2002	\$	5,672,296.09
2003	\$	5,871,296.53
2004	\$	4,677,333.82
2005	\$	5,585,778.24
2006	\$	6,745,799.31
2007	\$	3,228,299.39
2008	\$	7,889,141.96

Legal Payments by Year

Total Legal

2000	\$	3,745,668.97
2001	\$	3,536,921.74
2002	\$	3,708,402.71
2003	\$	3,990,441.41
2004	\$	5,245,725.92
2005	\$	4,503,189.22
2006	\$	4,316,196.58
2007	\$	4,116,059.07
2008	\$	4,137,493.67

Future Medicals

- The Act was amended in 1984 to “uncap” related medical expenses and benefits.
- Currently the PCF pays ongoing medical expenses on 168 patients in the amount of approximately \$1,300,000 per month.
- Over \$232,738,047 has been paid by the PCF for ongoing medical expenses (paid after settlement & as incurred) since the change in the Act.
- The PCF began using a fee schedule in November 2001 which has resulted in significant savings.
- Medical expenses include not only physician visits and hospitalizations, but handicapped equipped vehicles, specialized wheelchairs, home modifications, and payments to family members for providing care in the home.

10 Years of Past and Future Medical Payments

Transaction Year	Past Medical	Future Medical	Grand Total
1999	\$ 13,497,762.72	\$ 15,798,847.23	\$ 29,296,609.95
2000	\$ 7,861,234.36	\$ 19,712,573.45	\$ 27,573,807.81
2001	\$ 6,504,706.36	\$ 12,271,297.44	\$ 18,776,003.80
2002	\$ 7,184,104.87	\$ 13,123,532.39	\$ 20,307,637.26
2003	\$ 6,920,993.57	\$ 14,545,453.49	\$ 21,466,447.06
2004	\$ 10,375,379.04	\$ 12,234,595.39	\$ 22,609,974.43
2005	\$ 8,200,622.63	\$ 13,108,269.64	\$ 21,308,892.27
2006	\$ 16,879,655.99	\$ 16,599,432.25	\$ 33,479,088.24
2007	\$ 16,912,980.12	\$ 13,733,611.02	\$ 30,646,591.14
2008	\$ 26,960,700.28	\$ 16,182,093.32	\$ 43,142,793.60
10 Year Totals:	\$ 121,298,139.94	\$ 147,309,705.62	\$ 268,607,845.56

The Largest Total Payments by the PCF

- Over \$9 million – 2
 - \$6-7.9 million – 7
 - \$4-5.9 million – 11
 - \$2-3.9 million – 44
 - \$1-1.9 million – 118
 - Largest single payment of Past Medical expenses: \$5.3 Million (excludes Gen Dam & Interest)
-
- (these figures include general damages and medical expenses paid to date on individual claims)

COLLECTIONS, PAYMENTS and RATES

The following charts show the amounts collected and paid out over the years, collections and payments by provider groups and number of enrolled providers. The Oversight Board assumed management of the PCF in late 1990. Annual actuary studies were done at that time revealing the need for significant increases in rates. Rate changes from 1989 to present have resulted in huge increases in what private health care providers must pay for coverage.

It should be noted that the number of enrolled providers shown does not include medical support staff, such as nurses or lab & x-ray techs, or individual providers if they are included in a group that is enrolled as a single provider, such as an emergency physician group that has many part-time physicians serving various hospitals across the state, or medical school residents that are enrolled through the medical school. The actual number of health care providers covered by the PCF would be substantially larger if the number of these providers was known and included in the totals.

CALENDAR YEAR	TOTAL SURCHARGES COLLECTED BY PCF	TOTAL CLAIM PAYMENTS BY PCF
1982	\$2,884,864.67	\$2,586,274.02
1983	\$4,148,865.43	\$3,001,981.95
1984	\$5,153,678.86	\$7,264,660.22
1985	\$12,013,068.41	\$9,776,309.69
1986	\$15,916,012.28	\$10,629,827.06
1987	\$18,261,377.15	\$18,363,837.59
1988	\$20,901,551.49	\$14,834,849.78
1989	\$24,830,374.49	\$20,716,575.41
1990	\$26,576,048.67	\$28,941,633.95
1991	\$30,596,664.64	\$32,910,271.25
1992	\$38,622,251.88	\$36,679,873.14
1993	\$46,256,338.17	\$49,061,145.87
1994	\$51,477,940.22	\$40,840,326.95
1995	\$55,217,831.50	\$44,289,624.39
1996	\$56,578,400.40	\$61,731,090.91
1997	\$65,313,768.52	\$57,925,990.96
1998	\$71,749,109.12	\$68,967,525.00
1999	\$71,960,541.93	\$81,833,845.68
2000	\$84,863,222.09	\$67,489,605.05
2001	\$94,201,761.05	\$68,187,734.86
2002	\$105,298,716.37	\$74,974,624.31
2003	\$124,223,011.32	\$80,740,866.01
2004	\$137,315,747.05	\$71,694,201.73
2005	\$135,612,584.94	\$76,591,565.38
2006	\$141,193,696.19	\$111,420,633.93
2007	\$157,052,308.00	\$112,411,235.00
2008	\$173,952,449.00	\$109,516,301.00

Enrolled Providers in the Louisiana Patient's Compensation Fund

	Physicians	Hospitals	Nursing Homes	Dentists	RN's	All Other	Grand Total
1981	2286	67	1	604	36	397	3391
1985	2365	91		994	171	1181	4802
1990	7256	140	6	1673	526	2839	12440
1991	7161	133	11	1658	496	2779	12238
1992	7166	146	21	1671	469	1868	11341
1993	7082	165	13	2017	578	1601	11456
1994	7287	166	15	1716	580	1629	11393
1995	7752	175	20	1688	762	1543	11940
1996	8022	170	15	1707	851	1483	12248
1997	8574	164	15	1739	944	1468	12904
1998	8849	176	41	1705	1018	1385	13174
1999	8743	170	83	1725	1105	1505	13331
2000	8728	188	118	1747	1296	1881	13958
2001	8726	187	241	1711	1458	1942	14265
2002	8798	179	308	1729	1421	2066	14501
2003	8844	227	320	1755	1683	2522	15351
2004	8967	240	316	1779	1807	2912	16021
2005	9201	245	325	1788	1971	2879	16409
2006	9051	219	298	1854	2145	2922	16489
2007	9165	217	292	1782	2278	3045	16779
2008	9265	219	290	1719	2346	2994	16833

RATE INCREASES OVER THE YEARS

• <u>YEARS</u>	<u>PHYSICANS %</u>	<u>HOSPITALS %</u>
• Jan-09	5.0	5.0
• Jan-08	7.4	8.9
• Jan-07	11.0	10.4
• Jan-06	8.6	6.9
• Jan-05	0	0
• Jan-04	9.8	1.6
• Jan-03	19.8	17.0
• Jan-02	8.8	6.3
• Jan-01	6.3	5.1
• Jan-00	17.0	6.4
• Jan-99	0	0
• Jan-98	6.0	3.5
• Jan-97	17.0	9.0
• July-96	0	0
• July-95	0	0
• July-94	8.1	8.1
• July-93	7.8	23.0
• July-92	21.8 (37.0)*	56.3 (176.6)*
• July-91	17.5 (45.7)*	22.5 (187.7)*
• July-90	10.0	2.5
• Jan-89	10.0	10.0

* Actuary recommendation

Sample Rates Over the Years (for PCF Layer only)

Occurrence Coverage

Specialty	1987	1997	2009	1987-2009
Hospital (per bed)	\$ 524	\$ 1640	\$ 3251	+ 620%
Internist	2030	2906	12536	+ 617%
Gen.Surg	4443	10490	24173	+ 544%
OB/GYN	8490	20046	46195	+ 544%

Unfunded Liability

The following charts show the estimated PCF liability exposures, collections & expenses according to annual actuarial reports compared to the funds on deposit at the Treasurer's office. The difference would be considered the estimated unfunded liability. These amounts are based on calendar year data.

Calculation of the Statutory minimum funding level: La R.S. 40:1299.44.A.(6)(a) requires a surplus of 30% of the total of the surcharges collected, expenses and reserves (estimated amount of exposures pending and occurred but not reported). The PCFOB has met this requirement.

Using a more basic method for the calendar year ending 12/31/08, the exposures are estimated to be \$738,030,412 and funds were \$494,585,500. This results in a difference of \$243,444,912 compared to \$418,089,979 shown on the chart which uses the calculation contained in the Act. The difference is the inclusion of the collections and expenses in the statutory formula.

As of 7/1/09, the PCFOB has funds of approximately \$550,000,000.

Year	Total Liability (Res,IBNR,Exp,Collection)	PCF Funds (Investments/cash)	Unfunded Liability (difference)
1993	\$250,404,000	\$29,000,000	\$221,404,000
1995	\$423,500,000	\$58,000,000	\$365,500,000
1997	\$407,000,000	\$70,000,000	\$337,000,000
2000	\$357,980,841	\$84,880,890	\$273,099,951
2003	\$606,711,190	\$172,413,989	\$434,297,201
2006	\$806,694,000	\$364,752,401	\$441,941,599
2007	\$915,056,000	\$431,217,706	\$483,838,294
2008	\$912,948,479	\$494,585,500	\$418,089,979